

STATE OF SOUTH CAROLINA

(Caption of Case)

In re:

Application of Palmetto State Utility Services, Inc.
For Certificate of Public Convenience and Necessity
to provide Water and Sewerage Services

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2007 - 356 - WS

(Please type or print)

Submitted by: Marcus A. Manos

SC Bar Number: 011876

Address: Nexsen Pruet, LLC

Telephone: 803-253-8275

P.O. Drawer 2426

Fax: 803-727-1467

Columbia, SC 29202

Other: _____

Email: mmanos@nexsenpruet.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☒ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input checked="" type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input checked="" type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input checked="" type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

Marcus A. Manos
Member
Admitted in SC, NC, DC

January 23, 2008

VIA HAND DELIVERY

Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
Synergy Office Park
101 Executive Center Drive
Columbia, South Carolina 29211

RECEIVED
2008 JAN 24 PM 12:03
SC PUBLIC SERVICE
COMMISSION

**Re: Application of Palmetto State Utility Services, Inc. for Certificate
of Public Convenience and Necessity / Docket No. 2007-356-WS**


Dear Mr. Terreni:

Enclosed for filing with the Public Service Commission is an original and six copies of the **Settlement Agreement** in the above referenced matter. Please return a clocked-in copy to me via our courier.

Thank you for your assistance in this matter.

With best regards, I am

Very truly yours,



Marcus A. Manos

MAM/hjr

Enclosures

cc w/encl.: Shealy Boland Reibold, Esquire

Charleston

Charlotte

Columbia

Greensboro

Greenville

Hilton Head

Myrtle Beach

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2007-356-WS

RECEIVED
2008 JAN 24 PM 12:03
SC PUBLIC SERVICE
COMMISSION

IN RE:

Application of Palmetto State Utility Services,
Inc. for Certificate of Public Convenience and
Necessity.

SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement") is made by and among the Office of Regulatory Staff ("ORS") and Palmetto State Utility Services, Inc. ("PSUS") (collectively referred to as the "Parties" or "Party").

WHEREAS, PSUS filed an Application for a Certificate of Public Convenience and Necessity on September 27, 2007;

WHEREAS, on October 2, 2007, counsel for ORS entered a Notice of Appearance in this matter;

WHEREAS on October 9, 2007, the Commission issued a Notice of Filing and Hearing and established a return date of November 12, 2007, for the filing of letters of protest or petitions to intervene and established a hearing date of January 31, 2008;

WHEREAS, on December 19, 2007, PSUS pre-filed the direct testimony of McClellan Harris, III with the Commission;

WHEREAS, the Parties to this Agreement¹ are the only parties of record in the

¹Although the novation of the contract with the United States from American States Utility Service ("ASUS") to PSUS is still pending, PSUS expects this novation agreement to become effective in the near future. As such, ASUS is not a necessary party to this Agreement.

above-captioned docket and there are no other parties of record in the above-captioned proceeding;

WHEREAS, the Parties have engaged in discussions to determine if a settlement of this proceeding would be in their best interest and, in ORS's case, in the public interest;

WHEREAS, following those discussions, the Parties have each determined that their interests, and ORS has determined that the public interest, would be best served by settling the above-captioned proceeding under the terms and conditions set forth below:

1. The Parties agree that PSUS's Application and exhibits to the Application are incorporated into this Settlement Agreement and made a part hereof;

2. The Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties also agree to stipulate to the pre-filed testimony of PSUS's witness without cross-examination by ORS;

3. PSUS will provide annual reports, per Sections 103-512.1 and 103-712.1 of the South Carolina Code of Annotated Regulations, to allow ORS to verify that PSUS's sales related to water and sewer services in South Carolina are made strictly to the federal government.

4. PSUS will file a Utility Representative Form (SCORS /Form 2007) as found at <http://www.regulatorystaff.sc.gov/ORSContent.asp?pageID=672> (the ORS's website) and update the form as necessary.

5. PSUS will agree that ORS's consent to the waivers requested in the Application will become null and void should PSUS serve any customers in South Carolina in addition to the federal government.

6. PSUS understands that if it intends to provide water and sewer services off-base or to customers other than the federal government in South Carolina, PSUS will be required to submit certain additional information and request the approval of the South Carolina Public Service Commission (the "Commission").

7. PSUS will contact Jeff deBessonnet of the South Carolina Department of Health and Environmental Control ("DHEC"), or his replacement if Mr. deBessonnet is no longer employed by DHEC in his current capacity, by not later than April 1, 2008, and request that he provide a letter stating that the water and sewer systems located at Fort Jackson are authorized by DHEC to provide water and sewer service.

8. Given the unique circumstances of the application and the financial guaranty already provided by American States Water Company to American States Utility Services, Inc. (PSUS's parent corporation), PSUS will not be required to post performance bonds to acquire/operate/maintain/expand/improve the water and sewer systems at Fort Jackson for the federal government. The above-referenced guaranty is satisfactory to the federal government in lieu of a performance bond. PSUS understands that this performance bond issue will be revisited should PSUS offer services off-base or to customers other than the federal government in South Carolina.

9. PSUS agrees to comply with all rules and regulations of the Commission unless the Commission has expressly waived such rule or regulation;

10. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Agreement be accepted and approved by the Commission as a fair, reasonable and full resolution of the above-captioned proceeding. The Parties agree to use reasonable efforts to defend and support any Commission order

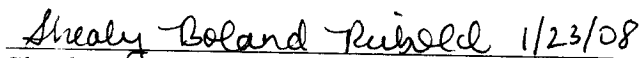
Commission decline to approve this Agreement in its entirety, then any Party desiring to withdraw from this Agreement may do so without penalty.

12. This Agreement shall be interpreted according to South Carolina law.

13. Each Party acknowledges its consent and agreement to this Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of this Agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Agreement.

WE AGREE:

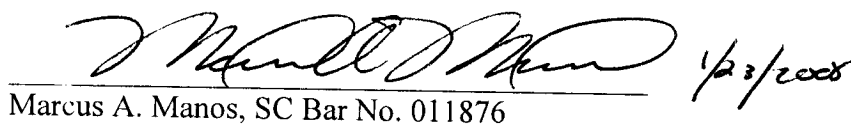
Representing and Binding the Office of Regulatory Staff

 1/23/08

Shealy Boland Reibold
South Carolina Office of Regulatory Staff
1441 Main Street, Suite 300
Columbia, South Carolina 29201
Phone: (803) 737-0863 / Facsimile: (803) 737-0895

WE AGREE:

Representing and Binding Palmetto State Utility Services, Inc.

 1/23/2008

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